

SENATE BILL 126
EMERGENCY BILL

Unofficial Copy
B5

2003 Regular Session
(3lr1355)

ENROLLED BILL
-- Budget and Taxation/Appropriations --

Introduced by **Senator Lawlah (Joint Committee on the Management of Public Funds) and Senators McFadden, Haines, and Forehand**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **General Obligation Bonds - Accounting for Proceeds**

3 FOR the purpose of requiring the Comptroller to establish the State and Local
4 Facilities Loan Fund, a premium and expense account, and certain accounts and
5 subaccounts for accounting purposes; requiring the Comptroller to credit,
6 expend, and account for certain proceeds from the sale of State bonds in a
7 certain manner; authorizing certain uses of certain proceeds; allowing the
8 Comptroller to restate certain prior expenditures of certain proceeds;
9 authorizing certain proceeds to be transferred to and expended from the State
10 and Local Facilities Loan Fund; making this Act an emergency measure; and
11 generally relating to crediting, expending, and accounting for general obligation
12 bond proceeds.

13 BY repealing

14 Article - State Finance and Procurement
15 Section 8-125

1 Annotated Code of Maryland
2 (2001 Replacement Volume and 2002 Supplement)

3 BY adding to
4 Article - State Finance and Procurement
5 Section 8-125
6 Annotated Code of Maryland
7 (2001 Replacement Volume and 2002 Supplement)

8 BY repealing and reenacting, with amendments,
9 Article - State Finance and Procurement
10 Section 8-127
11 Annotated Code of Maryland
12 (2001 Replacement Volume and 2002 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - State Finance and Procurement
15 Section 8-132
16 Annotated Code of Maryland
17 (2001 Replacement Volume and 2002 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - State Finance and Procurement**

21 [8-125.

22 (a) The Comptroller shall establish:

23 (1) an annuity bond account for each enabling act; and

24 (2) as part of the account, a premium and expense account.

25 (b) (1) The Comptroller shall credit the proceeds of the sale of State bonds:

26 (i) to the annuity bond account for the enabling act under which
27 the State bonds are issued; or

28 (ii) whenever State bonds are sold as part of a State and local
29 facilities loan, among the annuity bond accounts for the enabling acts under which
30 the State bonds are sold.

31 (2) The Comptroller shall credit to the premium and expense account the
32 part of the proceeds that is a premium.

1 (c) (1) To the extent payment of these expenses is not otherwise provided
2 for, each premium and expense account shall be charged with the expenses of the sale
3 of State bonds issued under the enabling act for which the account is established.

4 (2) After all expenses of the sale of State bonds have been paid, the
5 money that remains in the account shall be transferred to the Annuity Bond Fund, to
6 be applied to the debt service requirements on State bonds.]

7 8-125.

8 (A) IN THIS SECTION, "FUND" MEANS THE STATE AND LOCAL FACILITIES
9 LOAN FUND.

10 (B) FOR BONDS ISSUED UNDER § 8-122 OF THIS SUBTITLE, THE COMPTROLLER
11 SHALL ESTABLISH:

12 (1) THE STATE AND LOCAL FACILITIES LOAN FUND;

13 (2) A PREMIUM AND EXPENSE ACCOUNT IN THE FUND; AND

14 (3) FOR ACCOUNTING PURPOSES ONLY:

15 (I) A CAPITAL PROJECT ACCOUNT FOR EACH ENABLING ACT; AND

16 (II) SEPARATE SUBACCOUNTS FOR EACH PROJECT INCLUDED IN
17 ENABLING ACTS AUTHORIZING MULTIPLE PROJECTS.

18 (C) (1) THE COMPTROLLER SHALL CREDIT THE PROCEEDS OF THE SALE OF
19 STATE BONDS TO THE FUND.

20 (2) THE COMPTROLLER SHALL CREDIT TO THE PREMIUM AND
21 EXPENSES ACCOUNT:

22 (I) ANY PART OF THE PROCEEDS OF A BOND SALE THAT IS A
23 PREMIUM; AND

24 (II) ANY ADDITIONAL PART OF THE PROCEEDS NECESSARY TO PAY
25 THE EXPENSES OF THAT BOND SALE.

26 (D) (1) ON APPROVAL BY THE BOARD, THE COMPTROLLER MAY EXPEND
27 MONEY FROM THE FUND FOR ANY EXPENDITURE AUTHORIZED BY AN ENABLING
28 ACT, REGARDLESS OF WHETHER BONDS HAVE BEEN SOLD TO SPECIFICALLY FUND
29 THAT ENABLING ACT.

30 (2) TO ENSURE COMPLIANCE WITH § 8-127 OF THIS SUBTITLE, THE
31 COMPTROLLER SHALL ACCOUNT FOR ALL EXPENDITURES FROM THE FUND ON A
32 PROJECT-SPECIFIC BASIS.

33 (3) AN EXPENDITURE MADE UNDER THIS SUBSECTION MAY NOT
34 REDUCE THE AMOUNT OF BONDS AUTHORIZED UNDER AN ENABLING ACT FOR
35 WHICH BONDS HAVE NOT BEEN SOLD.

1 (E) (1) UNLESS PAYMENT OF EXPENSES OTHERWISE HAS BEEN PROVIDED,
 2 THE EXPENSES OF EACH BOND SALE SHALL BE PAID FROM THE PROCEEDS OF THAT
 3 BOND SALE CREDITED TO THE PREMIUM AND EXPENSE ACCOUNT.

4 (2) AFTER THE EXPENSES OF EACH SALE OF STATE BONDS HAVE BEEN
 5 PAID, THE REMAINING PREMIUM CREDITED TO THE PREMIUM AND EXPENSE
 6 ACCOUNT FROM THAT BOND SALE SHALL BE TRANSFERRED TO THE ANNUITY BOND
 7 FUND TO PAY ~~DEBT SERVICE ON THOSE BONDS.~~

8 (I) DEBT SERVICE ON STATE BONDS; AND

9 (II) IF APPROVED BY THE BOARD, THE COSTS OF OTHER CAPITAL
 10 PROJECTS.

11 8-127.

12 (a) Except as provided in § 8-129 of this subtitle, the proceeds of a sale of
 13 State bonds may be used only in the manner and for a project or program that is
 14 specified in [the] AN enabling act [under which the State bonds are issued]
 15 AUTHORIZING THE ISSUANCE OF STATE BONDS.

16 (b) (1) Except as provided in § 8-129 of this subtitle, the proceeds of a sale of
 17 State bonds may be used only for a capital improvement unless:

18 (i) the enabling act specifically provides otherwise; or

19 (ii) in an emergency, the Board unanimously grants a temporary
 20 exception.

21 (2) The Board shall determine whether the object of an expenditure is a
 22 capital improvement. The standard for this determination is whether the useful life of
 23 the object equals or exceeds the life of the State bonds.

24 (c) The Board shall enforce the provisions of this section.

25 8-132.

26 (a) There is an Annuity Bond Fund.

27 (b) The Comptroller shall:

28 (1) credit to the Annuity Bond Fund any money appropriated in the State
 29 budget to meet the debt service requirements on State bonds; and

30 (2) use the money to meet the debt service on the State bonds specified in
 31 the appropriation.

32 (C) ANY PREMIUM FROM THE SALE OF STATE BONDS TRANSFERRED TO THE
 33 ANNUITY BOND FUND UNDER § 8-125 OF THIS SUBTITLE MAY BE USED TO PAY:

34 (1) DEBT SERVICE ON STATE BONDS; AND

1 (2) IF APPROVED BY THE BOARD, THE COSTS OF OTHER CAPITAL
2 PROJECTS.

3 SECTION 2. AND BE IT FURTHER ENACTED, That, in order to allocate
4 proceeds from the sale of State bonds to eligible expenditures for the purposes of
5 complying with the Internal Revenue Code and § 8-131.1 of the State Finance and
6 Procurement Article, to the extent permitted and in a manner consistent with the
7 federal Internal Revenue Code, the Comptroller may restate the prior expenditures of
8 proceeds from prior sales of State bonds as provided in Section 1 of this Act.

9 SECTION 3. AND BE IT FURTHER ENACTED, That the Comptroller may
10 transfer unexpended proceeds from prior sales of State bonds to the State and Local
11 Facilities Loan Fund and may expend such proceeds in accordance with Section 1 of
12 this Act.

13 SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency
14 measure, is necessary for the immediate preservation of the public health or safety,
15 has been passed by a ye and nay vote supported by three-fifths of all the members
16 elected to each of the two Houses of the General Assembly, and shall take effect from
17 the date it is enacted.